GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:594
ANSWERED ON:06.05.2005
EXPANSION OF RRB
Gangwar Shri Santosh Kumar

Will the Minister of FINANCE be pleased to state:

(a) the steps taken/proposed to be taken by the Government to expand the network of regional rural banks in the entire country especially in Sikkim, Goa and Delhi;

(b) whether the needy people in rural areas face procedural difficulties in seeking loans from such banks;

(c) if so, the details thereof; and

(d) the steps taken/proposed to be taken in this regard?

Answer

FINANCE MINISTER (P.CHIDAMBARAM)

(a), (b), (c) & (d): A statement is laid on the Table of the House.

Statement referred to In reply to parts (a) to (d) of the Lok Sabha Starred Question No.594 for 6th May 2005 regarding Expansion of RRB tabled by Shri Santosh Gangwar.

(a): The existing Regional Rural Banks (RRBs) can open new branches within their notified areas with the approval of the Reserve Bank of India. However in terms of Section 3(1) of Regional Rural Banks (RRBs) Act, 1976, the Centra! Government may, if requested so to do by a sponsor bank, establish one or more Regional Rural Banks. No proposal has so far been received from the sponsor banks for the establishment of new RRBs in the Country including the States of Sikkim, Goa and Delhi,

(b), (c)&(d): Various steps have been taken to ensure improvement in the disbursement of loan in rural areas, which inter alia include:

i) Improving the quantum of credit flow to agriculture and ensure doubling of credit within three years

ii) Financing of new farmers, and enrolling 100 new farmers for every rural and semi-urban branch of commercial bank and RRB in 2004-05.

iii) Providing debt relief to farmers in distress and one time settlement for small farmers and marginal farmers with a view to making them eligible for fresh credit,
iv) Extending assistance to farmers to provide relief from indebtedness to non-institutional sources (e.g money lenders)

(v) Simplification of Bank Loan procedure.

Further Government of India announced an agriculture credit package on the 18th June, 2004, envisaging doubling of credit over a period of 3 years. Accordingly, a credit target of Rs. 1,05,000 crore with 30% growth over the credit flow of Rs. 80,000 crore during 2003-2004 was set for the year 2004-05. As against this, according to provisional figures, the achievement was Rs 1,15,000 crore. For RRBs, the target for 2004-05 and achievement were:

Target : Rs. 8500 crores

Achievement : Rs 11,718.17 Crore